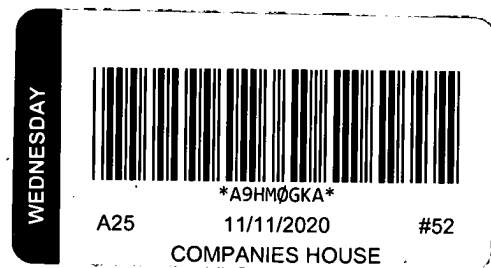


**STANLEY SECURITY SOLUTIONS LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**COMPANY INFORMATION**

---

**Directors** R Adalja (appointed 1 April 2020)  
S Merrifield  
M Marriott (appointed 1 April 2020)

**Company secretary** S Costello

**Registered number** 00181585

**Registered office** Stanley House  
Bramble Road  
Swindon  
Wiltshire  
United Kingdom  
SN2 8ER

**Auditor** Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**CONTENTS**

---

	Page
<b>Strategic Report</b>	1 - 3
<b>Directors' Report</b>	4 - 6
<b>Directors' Responsibilities Statement</b>	7
<b>Independent Auditors' Report</b>	8 - 10
<b>Statement of Comprehensive Income</b>	11
<b>Statement of Financial Position</b>	12
<b>Statement of Changes in Equity</b>	13
<b>Notes to the Financial Statements</b>	14 - 36

---

## STANLEY SECURITY SOLUTIONS LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### Business review

The turbulence in the UK Security market that has existed since the Brexit referendum in 2016 continues to drive revenue volatility. 2019 saw revenues down 7% primarily due to low install spends in some key sectors. Gross margin % was broadly flat which reflects productivity gains made during the year offsetting the deleveraging effects of lower volumes. The business continued to invest in key growth areas and efficiency opportunities and generated an operating profit before exceptional administrative expenses.

The company has seen restructuring activity during the year totalling £713,000. In an effort to streamline the cost base, the company reduced its headcount. The activity represents redundancy payments made to staff during the restructuring process which commenced and was completed during 2019. This activity has been recognised within the statement of comprehensive income as an exceptional administrative expense.

The company is continuously looking to increase market share via organic and in-organic opportunities within the electronic security sphere.

On 22 August 2019 the company acquired trade and assets from Select Security & Maintenance Services Limited resulting in the addition of Goodwill totalling £1,344,000. Through this acquisition the company sought the expansion and growth in its recurring revenue base to ensure profitable growth without reliance upon organic opportunities.

On 28 March 2020 the company acquired the trade and assets, on a going concern basis, of its subsidiary Contract Fire Systems Limited. The company made this acquisition in an effort to drive efficiencies by leveraging economies of scale, increasing the level of data visibility, merging of information technology systems and the alignment of management.

The company's key performance indicators during the year were:

	2019 £000	2018 £000	Variance	% change
Turnover	60,630	65,384	(4,754)	(7)
Gross profit	17,607	19,226	(1,571)	(8)
Headcount (Number)	471	468	3	-

---

STANLEY SECURITY SOLUTIONS LIMITED

---

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

**Principal risks and uncertainties**

The principal risk and uncertainties facing the company are broadly grouped as competitive, liquidity and refinancing, market and interest rate risk and Brexit. The company's principal financial instruments comprise intercompany balances between fellow group undertakings, the main purpose of which is to provide finance for its normal operations. 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.

*Competitiveness risk*

The company operates in a competitive market that could result in losing sales to competitors. The company manages this risk by providing a value added service to its customers based upon quality, integrity and innovative product solutions and backed by competitive finance packages and long standing experience of the market.

*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 operations and loans are financed by short term debt. Management regularly reviews the funding position to ensure adequate facilities are in place.

*Market and interest rate risk*

The company does not use hedging instruments to mitigate interest rate risk as the directors consider that they will be able to renegotiate their borrowing and loan portfolios within an acceptable timescale so as to minimise the impact of significant changes in interest rates.

*Brexit*

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

*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.

---

## STANLEY SECURITY SOLUTIONS LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### **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 2019.

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

#### *Consequences of any decision in the long term*

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

#### *Interests of the company's employees*

Employees are the company's main asset and their health and safety is the company's number 1 priority. This entails strict Health and Safety policies tailored with suitable and regular training programs.

The company also strives to build and nurture a culture where inclusiveness is a reflex, not an initiative – where there is a deep sense of pride, passion and belonging that transcends any role, business unit, language or country. And where all employees feel valued, heard and positioned to do their best work every day.

#### *Business relationships with suppliers, customers and others*

We recognise the importance that stakeholders outside the business such as customers and suppliers add to our business and we work ethically together to ensure that our goals are met in a mutually beneficial fashion by negotiating contracts, agreeing payment terms in advance and maintaining an open dialogue with suppliers and customers.

#### *The impact of company's operations on the community and the environment*

As an affiliate of Stanley Black & Decker Inc, the directors continue to promote the Organisation's Global Social Responsibility Goals to inspire makers and innovators to create a more sustainable world in alignment with the Stanley Black & Decker Group's purpose.

The company believes corporations have a broader role to play in society building on our historical, deep focus on environment, health and safety, sustainability and community engagement. This role relates to helping solve the world's challenges, such as climate change, income inequality and workforce development. In short, we're working to be a force for good.

#### *Maintaining a reputation for high standards of business conduct*

The company also supports bringing together the best of the best to create practical, meaningful products and services that make life easier—empowering people to do better, safer, more significant work. Innovation and excellence have powered Stanley Black & Decker, Inc's success, but equally knows there's more the organisation can do for the world and those who make it. Across our businesses, we're investing in breakthrough innovation and digital excellence, striving for outperformance and increasing our focus on social responsibility.

This report was approved by the board on 30 October 2020 and signed on its behalf.



---

**R Adalja**  
Director

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**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 continues to be sales, service and distribution of a complete range of security, communications and time management solutions. During the year the company also engaged in the sale, service and distribution of TV signal distribution systems. Sales may be under long term rental agreements or purchased outright by customers.

**Results and dividends**

The loss for the year, after taxation, amounted to £667,000 (2018: loss £1,814,000).

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

**Directors**

The directors who served during the year and to the date of approval of these financial statements were:

A S Lord (resigned 1 April 2020)  
S Merrifield  
M Marriott (resigned 31 May 2019, re-appointed 1 April 2020)  
J Unsworth (appointed 1 June 2019, resigned 19 November 2019)  
R Adlja (appointed 1 April 2020)

**Future developments**

The directors will focus closely on the macro economic environment particularly with respect to Brexit. As part of the global Stanley Black & Decker group, the company is constantly able to leverage expertise and improvement initiatives and works closely with other group companies.

On 28 March 2020 the company acquired the trade and assets, on a going concern basis, of its subsidiary Contract Fire Systems Limited.

**Financial instruments**

Details of financial instruments are provided in the Strategic Report.

**Employee involvement**

The company continues to operate a policy of employee involvement in the operations of the company and of the Stanley Black & Decker group of companies of which it is a member. Regular communications to inform all employees about news and developments in the company and the wider group are transmitted via the company intranet, email and the 'Workplace' collaborative platform (or, for those employees without access to company IT accounts, via their line managers and on notice-boards). These communications are supplemented by site meetings, when employees have the opportunity to hear and question management about company developments and plans.

When developments have a direct impact on employees' jobs or terms and conditions of service, full consultation is provided by the company, with the opportunity, where applicable, to receive independent advice.

---

## STANLEY SECURITY SOLUTIONS LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular qualifications, aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or alternative positions and to provide reasonable adjustments and appropriate training to achieve this aim.

#### Community and Environment

The company is fully committed to pursuing the best environmental practice and conducting its activities in a way that fully recognises its responsibilities to the environment. Policies to benefit the community include the provision of sports and recreational activities for staff and their families, encouraging the use of local suppliers where possible and matched-funding for local charities.

#### 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 at the date of approving the Directors' Report.

#### Disclosure of information to auditors

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

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

#### 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 approval of these financial statements.

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

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

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

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

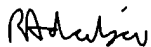
---

**Post balance sheet events**

On 28 March 2020 the company acquired the trade and assets, on a going concern basis, of its subsidiary Contract Fire Systems Limited.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Stanley Security Solutions Limited is one of such businesses also impacted by COVID-19 in terms of site accessibility. Although the business had seen a few months of reduced demand, we are seeing a significant improvement in business and demand generation over the past few weeks. Measures taken to contain the spread of the virus and mitigate the financial impact include but are not limited to: travel bans, government guidance on social distancing, appropriate protective equipment supplied to all employees, reduction in any discretionary spending, utilizing government benefits and the launch of appropriate security solutions to fulfil the needs of customers during these times. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. Any subsequent developments surrounding COVID 19 represent a non-adjusting post balance sheet event and are not reflected in the carrying value of the intangible or tangible assets, investments, stock or debtors shown in the financial statements. If the pandemic continues for a long period of time, there may be changes in the carrying values. These would be reflected in the financial statements for the year ended 31 December 2020. Despite these challenging conditions the directors are satisfied that company will remain a Going Concern (See Going Concern section).

This report was approved by the board on 30 October 2020 and signed on its behalf.



**R Adalja**  
Director

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

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

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

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

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

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

---

## STANLEY SECURITY SOLUTIONS LIMITED

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANLEY SECURITY SOLUTIONS LIMITED

---

#### Opinion

We have audited the financial statements of Stanley Security Solutions Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes 1 to 28, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

#### Emphasis of matter - Effects of COVID-19

We draw attention to Notes 1 and 28 of the financial statements, which describe the financial and operational consequences the company is facing as a result of COVID-19 and the commitment of the ultimate parent company to provide continued support for a period of at least 12 months from the date of approval of the statement of financial position. Our opinion is not modified in respect of this matter.

#### Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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 our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANLEY SECURITY SOLUTIONS LIMITED  
(CONTINUED)**

---

**Opinion 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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 on page 7, 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.

**Auditors' 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 Auditors' 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

---

STANLEY SECURITY SOLUTIONS LIMITED

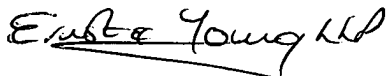
---

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANLEY SECURITY SOLUTIONS LIMITED  
(CONTINUED)

---

**Use of our report**

This report is made solely to the company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.



Elizabeth Gray (Senior Statutory Auditor)

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

The Paragon  
Counterslip  
Bristol  
BS1 6BX

Date: 30 October 2020

---

STANLEY SECURITY SOLUTIONS LIMITED

---

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

	Note	2019 £000	2018 £000
Turnover	4	60,630	65,384
Cost of sales		(43,023)	(46,158)
<b>Gross profit</b>		<b>17,607</b>	<b>19,226</b>
Distribution costs		(8,611)	(8,365)
Administrative expenses		(8,771)	(11,976)
Exceptional administrative expenses	5	(713)	-
<b>Operating loss</b>	6	<b>(488)</b>	<b>(1,115)</b>
Interest receivable and similar income	10	28	-
Interest payable and similar expenses	11	(81)	(69)
<b>Loss before tax</b>		<b>(541)</b>	<b>(1,184)</b>
Tax on loss	12	(126)	(630)
<b>Loss for the financial year</b>		<b>(667)</b>	<b>(1,814)</b>

There was no other comprehensive income for 2019 (2018: £NIL).


The notes on pages 14 to 36 form part of these financial statements.

**STANLEY SECURITY SOLUTIONS LIMITED**  
**REGISTERED NUMBER:00181585**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	13	2,943	1,881
Tangible assets	14	1,661	945
Investments	15	34,157	34,197
		<u>38,761</u>	<u>37,023</u>
<b>Current assets</b>			
Stocks	16	5,670	6,568
Debtors: amounts falling due after more than one year	17	18,462	19,915
Debtors: amounts falling due within one year	17	28,752	37,130
Cash at bank and in hand		221	35
		<u>53,105</u>	<u>63,648</u>
Creditors: amounts falling due within one year	18	(57,227)	(64,728)
<b>Net current liabilities</b>		<u>(4,122)</u>	<u>(1,080)</u>
<b>Total assets less current liabilities</b>		<u>34,639</u>	<u>35,943</u>
<b>Provisions for liabilities</b>			
Other provisions	20	(619)	(1,004)
		<u>(619)</u>	<u>(1,004)</u>
<b>Net assets</b>		<u>34,020</u>	<u>34,939</u>
<b>Capital and reserves</b>			
Called up share capital	21	1,000	1,000
Other reserves	22	1,588	1,588
Profit and loss account	22	31,432	32,351
		<u>34,020</u>	<u>34,939</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf 30 October 2020.



**R Adalja**  
Director

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**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	1,000	1,588	32,351	34,939
<b>Comprehensive expense for the year</b>				
Loss for the year	-	-	(667)	(667)
Share based payment expense (note 23)	-	-	(252)	(252)
<b>At 31 December 2019</b>	<u>1,000</u>	<u>1,588</u>	<u>31,432</u>	<u>34,020</u>

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

---

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	1,000	1,588	34,122	36,710
<b>Comprehensive expense for the year</b>				
Loss for the year	-	-	(1,814)	(1,814)
Share based income (note 23)	-	-	43	43
<b>At 31 December 2018</b>	<u>1,000</u>	<u>1,588</u>	<u>32,351</u>	<u>34,939</u>

---

## STANLEY SECURITY SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1. General information

Stanley Security Solutions Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is Stanley House, Bramble Road, Swindon, Wiltshire, SN2 8ER.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in pound sterling which is the functional and presentational currency of the company and is rounded to the nearest thousand pounds (£'000).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

In line with section 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 27.

##### *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 approval of these financial statements.

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

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

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

---

## STANLEY SECURITY SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

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

### 2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

#### Sale of goods

Turnover 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 turnover 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.

#### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**2. Accounting policies (continued)**

**2.4 Operating leases: the company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.5 Leased assets: the company as lessor**

Where assets leased to a third party give rights approximating to ownership (finance lease), the lessor recognises as a receivable an amount equal to the net investment in the lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease.

A finance lease gives rise to two types of income: profit or loss equivalent to the profit or loss resulting from outright sale of the asset being leased, at normal selling prices, reflecting any applicable discounts, and finance income over the lease term.

**2.6 Interest payable**

Interest payable is recognised in the Statement of Comprehensive Income using the straight line method.

---

STANLEY SECURITY SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

**2. Accounting policies (continued)**

**2.7 Share based payments**

*Equity-settled transactions*

Where share options are awarded to employees, the fair value of the options at the date of the grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a marketing vesting condition.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transaction, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

At each Balance Sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions on the number of equity instruments that will ultimately vest.

The movement in cumulative expense since the previous Balance Sheet date is recognised in the Statement of Comprehensive Income, with a corresponding entry to equity.

**2.8 Exceptional items**

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

**2.9 Interest income**

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

---

## STANLEY SECURITY SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

## 2. Accounting policies (continued)

### 2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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 not 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.

### 2.11 Intangible assets

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses and is amortised over the estimated useful life of 10 years on a straight line basis.

#### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

#### Research and development costs

Research expenditure is written off in the period in which it is incurred. Expenditure made in connection with the development of new products is generally expensed as incurred.

An exception is made when significant and specifically identified software development costs are incurred from which it is expected that future profitable revenue streams will arise. In these instances, such expenditure is capitalised and amortised over a period no longer than 5 years.

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**2. Accounting policies (continued)**

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Software assets are an integral part of the related hardware assets.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 40 years
Leasehold property	- over the remaining period of the lease
Plant, machinery, fixture and fittings	- 10% to 33%
Motor vehicles	- 3 years
Software	- 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 Statement of Comprehensive Income.

**2.13 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 investments.

**2.14 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 standard cost method basis. Work in progress and finished goods include labour and attributable overheads.

At each statement of financial position 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 the statement of comprehensive income.

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**2. Accounting policies (continued)**

**2.15 Debtors**

Trade and other receivables and investments in loan notes are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

These basic financial assets, other than short term receivables, are subsequently carried at amortised cost using the effective interest method.

Short term trade and other receivables with no stated interest rate which are receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in administrative expenses.

**2.16 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.17 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

**2.18 Creditors**

Basic financial liabilities including trade and other payables and interest bearing loans and borrowing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the Statement of Comprehensive Income.

Short term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price.

**2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

---

STANLEY SECURITY SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

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 judgments considered to have had the most significant effect on amounts recognised in the financial statements are:

*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.

*Valuation of Investments*

The company carries its investments at cost less accumulated impairment. Management performs an annual review to determine if any indicators of impairment exist. Where an indicator of impairment is noted, management assess the value in use of the investments in subsidiaries by using a net assets model as the valuation technique as there is a lack of comparable market data due of the nature of the investments. For the discounted cashflow calculations, the key assumptions to which the valuation amounts are most sensitive are discount rates and the estimated cash generated from forecasted results.

4. Turnover

Turnover represents amounts receivable for goods and other related services provided in the normal course of business, exclusive of value added tax less returns, allowances, freight and discounts.

	2019 £000	2018 £000
United Kingdom	52,334	57,562
Rest of Europe	5,609	5,031
Rest of the World	2,687	2,791
	<u>60,630</u>	<u>65,384</u>

5. Exceptional items

	2019 £000	2018 £000
Exceptional items - Restructuring	713	-
	<u>713</u>	<u>-</u>

To streamline the cost base, the company reduced its headcount. Exceptional items represent redundancy payments made to staff during the restructuring process which commenced and was completed during 2019.

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**6. Operating loss**

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

	<b>2019</b>	2018
	<b>£000</b>	£000
Research & development charged as an expense	<b>523</b>	340
Exchange loss/(gain)	<b>184</b>	(55)
Other operating lease rentals - Land and buildings	<b>469</b>	243
- Motor vehicles	<b>1,089</b>	1,099
Depreciation of tangible fixed assets	<b>383</b>	461
Amortisation of intangible assets	<b>284</b>	175
Defined contribution pension cost	<b>823</b>	749
Profit on disposal of fixed assets	<b>(9)</b>	(8)
	<b>=====</b>	<b>=====</b>

**7. Auditors' remuneration**

	<b>2019</b>	2018
	<b>£000</b>	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>72</b>	70
	<b>72</b>	70
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Other services relating to taxation	<b>16</b>	12
	<b>16</b>	12
	<b>=====</b>	<b>=====</b>

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**8. Employees**

Staff costs were as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Wages and salaries	<b>16,727</b>	17,043
Social security costs	<b>1,964</b>	2,022
Cost of defined contribution scheme	<b>823</b>	749
	<u><b>19,514</b></u>	<u>19,814</u>

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

	<b>2019</b>	2018
	<b>No.</b>	No.
Selling	<b>106</b>	107
Marketing	<b>16</b>	12
Administration	<b>6</b>	7
HR	<b>7</b>	6
Finance	<b>11</b>	10
Manufacturing	<b>319</b>	322
Engineering & Technical	<b>6</b>	4
	<u><b>471</b></u>	<u>468</u>

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**9. Directors' remuneration**

Directors' remuneration was paid by the company in the year.

Although they carried out qualifying services for other companies, 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 £703,000 (2018: £390,000), including £215,000 compensation for loss of office.

The aggregate value of the company's contributions paid to a defined contribution pension scheme in respect of directors' qualifying services were £52,000 (2018: £57,000).

1 director exercised share options during the year (2018: 1).

During the year retirement benefits were accruing to 3 directors (2018: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £294,000 (2018: £157,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018: £15,000).

**10. Interest receivable**

	<b>2019</b>	2018
	<b>£000</b>	£000
Other interest receivable	<b>28</b>	-
	<u>28</u>	<u>-</u>

**11. Interest payable and similar expenses**

	<b>2019</b>	2018
	<b>£000</b>	£000
Bank interest payable	<b>81</b>	69
	<u>81</u>	<u>69</u>

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**12. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	126	630
<b>Total deferred tax</b>	<u>126</u>	<u>630</u>
<b>Taxation on loss on ordinary activities</b>	<u>126</u>	<u>630</u>

**Factors affecting tax charge for the year**

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	<u>(541)</u>	<u>(1,184)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(103)	(225)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13	18
Adjustments to tax charge in respect of prior periods	15	356
Other timing differences leading to an decrease in taxation	(12)	-
Changes in tax rates	(181)	(32)
Group relief for nil consideration	394	513
<b>Total tax charge for the year</b>	<u>126</u>	<u>630</u>

**Factors that may affect future tax charges**

The company's profits for the accounting period are taxed at a rate of 19%. The standard rate of corporation tax was due to reduce from 19% to 17% from 1 April 2020. In March 2020 the UK government formally announced that the corporation tax rate would remain at 19%, this was substantively enacted on

---

STANLEY SECURITY SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

12. Taxation (continued)

11 March 2020. Deferred tax has been recognised at the rate which is now expected to prevail in the period where the timing differences are expected to reverse.

13. Intangible assets

	Product development £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2019	4,165	-	4,165
Additions	60	1,344	1,404
Reclassification	(379)	379	-
Disposals	-	(58)	(58)
At 31 December 2019	<u>3,846</u>	<u>1,665</u>	<u>5,511</u>
<b>Amortisation</b>			
At 1 January 2019	2,284	-	2,284
Charge for the year	215	69	284
At 31 December 2019	<u>2,499</u>	<u>69</u>	<u>2,568</u>
<b>Net book value</b>			
At 31 December 2019	<u>1,347</u>	<u>1,596</u>	<u>2,943</u>
At 31 December 2018	<u>1,881</u>	<u>-</u>	<u>1,881</u>

---

STANLEY SECURITY SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

13. Intangible assets (continued)

**Reclassification**

The classification of intangible assets has been bifurcated to disclose goodwill separately as it was previously held within product development. There is no material change in the value of net assets as a result of this re-classification.

**Analysis of goodwill addition**

On 22 August 2019 the company acquired trade and assets from Select Security & Maintenance Services Limited for a consideration of £1,226,000.

Analysis of the net assets acquired at date of acquisition:

	<b>Fair value to company £000</b>
Stock	24
Deferred revenue	<u>(142)</u>
Net liabilities	(118)
Goodwill arising on acquisition	<u>1,344</u>
Purchase consideration transferred	<u>1,226</u>

STANLEY SECURITY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Tangible fixed assets

	Freehold property £000	Leasehold Property £000	Plant, machinery, fixture and fittings and software £000	Motor vehicles £000	Assets in the course of construction £000	Total £000
<b>Cost</b>						
At 1 January 2019	507	1,056	8,026	85	109	9,783
Additions	10	70	652	10	357	1,099
Disposals	-	-	-	(74)	-	(74)
Transfers between classes	-	-	99	-	(99)	-
At 31 December 2019	<u>517</u>	<u>1,126</u>	<u>8,777</u>	<u>21</u>	<u>367</u>	<u>10,808</u>
<b>Depreciation</b>						
At 1 January 2019	215	862	7,676	85	-	8,838
Charge for the year on owned assets	9	57	317	-	-	383
Disposals	-	-	-	(74)	-	(74)
At 31 December 2019	<u>224</u>	<u>919</u>	<u>7,993</u>	<u>11</u>	<u>-</u>	<u>9,147</u>
<b>Net book value</b>						
At 31 December 2019	<u>293</u>	<u>207</u>	<u>784</u>	<u>10</u>	<u>367</u>	<u>1,661</u>
At 31 December 2018	<u>292</u>	<u>194</u>	<u>350</u>	<u>-</u>	<u>109</u>	<u>945</u>

---

STANLEY SECURITY SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

15. Fixed asset investments

	Investments in subsidiary companies £000
At 1 January 2019	38,535
Disposals	(37)
At 31 December 2019	<u>38,498</u>
<b>Impairment</b>	
At 1 January 2019	4,338
Charge for the period	3
At 31 December 2019	<u>4,341</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>34,157</u></u>
At 31 December 2018	<u><u>34,197</u></u>

On 18 September 2019, the company reclaimed the holdback consideration under the terms of sale of the Shares and Trade of Contract Fire Systems Limited. The sale took place on 1 June 2018 for total cash consideration of £10,231,000, inclusive of the holdback provision.

The directors undertake a review of investments held each year. The value in use of the investments in subsidiaries has been based on a net asset basis for holding companies and a discounted cash flow basis for trading entities using a discount rate of 10.2% and a flat growth rate. Cash flows have been based on projections for a ten year period on which a terminal growth multiple of 5.52 is applied to the cash flows at the end of the five year period.

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**15. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Stanley Security Solutions (NI) Limited	Unit 6 Locksley Business Park, 39 Montgomery Road, Belfast, BT6 9UP	Sale, Service and distribution of security equipment	£1 Ordinary Share	100%
Southern Monitoring Services Limited	212-218 London Road, Waterlooville Hampshire PO7 7AJ	Sale, Service and distribution of security and surveillance equipment	£1 Ordinary Share	100%
Christie Intruder Alarms Limited	Security House, 212-218 London Road, Waterlooville Hampshire PO7 7AJ	Installation and maintenance of electronic security and fire detection equipment.	£1 Ordinary Share	100%
Contract Fire Systems Limited	CFS Business Park, Coleshill Road, Sutton Coldfield, West Midlands, B75 7FS	Installation and maintenance of bespoke fire detection, suppression and security solutions.	£1 Ordinary Share	100%
Stanley Security Solutions Ireland Limited	Duff & Phelps (Ireland) Limited Molyneux House Brie Street Dublin 8	Dormant	€1.25 Ordinary Share	100%
Isgus International Limited	Stanley House, Bramble Road, Swindon, Wilt, SN2 8ER	Dormant	£1 Ordinary Share	100%
Verifier Capital Limited	Stanley House, Bramble Road, Swindon, Wilt, SN2 8ER	Dormant	£1 Ordinary Share	100%
Alwyn Time Recorders Limited	Stanley House, Bramble Road, Swindon, Wilt, SN2 8ER	Dormant	£1 Ordinary Share	100%
Blick Rentals Limited	Stanley House, Bramble Road, Swindon, Wilt, SN2 8ER	Dormant	£1 Ordinary Share	100%
Raysil Security Systems Limited	Stanley House, Bramble Road, Swindon, Wilt, SN2 8ER	Dormant	£1 Ordinary Share	100%
Smiths Security Systems Limited	Level 8 110 Queen Street, Glasgow, G71 3BX	Dormant	£1 Ordinary Share	100%
SRP Security Systems Limited	Stanley House, Bramble Road, Swindon, Wilt, SN2 8ER	Dormant	£1 Ordinary Share	100%

**STANLEY SECURITY SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. Stocks**

	2019 £000	2018 £000
Raw materials and consumables	2,217	2,279
Work in progress (goods to be sold)	1,570	1,964
Finished goods and goods for resale	1,883	2,325
	5,670	6,568

In the directors opinion, there was no significant difference between the replacement cost and the amount at which the stock is held in the financial statements.

**17. Debtors**

	2019 £000	2018 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	2,208	2,208
Amounts recoverable on long term contracts	14,852	16,179
Deferred tax asset (note 19)	1,402	1,528
	18,462	19,915

	2019 £000	2018 £000
<b>Due within one year</b>		
Trade debtors	9,921	11,187
Amounts owed by group undertakings	11,770	18,726
Other debtors	109	21
Prepayments and accrued income	488	577
Amounts recoverable on long term contracts	6,464	6,619
	28,752	37,130

---

STANLEY SECURITY SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

18. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank overdrafts	-	6
Trade creditors	5,516	7,622
Amounts owed to group undertakings	46,939	49,027
Other taxation and social security	1,192	1,982
Other creditors	497	14
Accruals and deferred income	3,083	6,077
	<u>57,227</u>	<u>64,728</u>

19. Deferred taxation

	2019 £000
At beginning of year	1,528
Charged to the income statement	(126)
<b>At end of year</b>	<u><u>1,402</u></u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	1,402	1,528
	<u>1,402</u>	<u>1,528</u>

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**20. Provisions**

	Warranty costs £000	Dilapidation £000	Total £000
At 1 January 2019	54	950	1,004
Charged to the Statement of comprehensive income	6	46	52
Utilised in year	-	(437)	(437)
<b>At 31 December 2019</b>	<b>60</b>	<b>559</b>	<b>619</b>

**Warranty costs**

The warranty provision is held for potential rectification costs. The provision represents the best estimate of the company's costs and is expected to be incurred over the next year. No asset has been recognised in respect of any potential reimbursement of costs.

**Dilapidation**

A dilapidation provision is held for leasehold properties which require remediation work to be performed to return the property to its original state. The directors have made their best estimation of the provision at the statement of financial position date, and expect the provision to be utilised full by 2028.

**21. Share capital**

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
1,000,000 (2018: 1,000,000) Ordinary shares shares of £1.00 each	1,000	1,000

**22. Reserves**

**Other reserves**

In March 1994 by order of the High Court the share premium account was transferred into a special reserve account. The court order imposed certain restrictions on the ability of the company to make distributions out of the special reserve until the conditions of the court are fulfilled. These restrictions do not impact on the company's ability to pay dividends out of the current or future profit.

**Profit & loss account**

The profit and loss account includes all current and prior period retained profits and losses.

---

STANLEY SECURITY SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

---

23. Share based payments

*Equity-settled transactions*

The company participates in the Stanley Black & Decker Inc. stock option plan for its employees as part of its employee remuneration package for senior employees.

Stock options are granted at fair market value at the date of grant and have a 10 year term. Generally, stock option grants vest rateably over four years from the date of the grant.

Restricted stock are stock options granted at fair market value at the date of grant and have a 2.5/ 3 year term depending on the option criteria. The stock will be issued on achievement of pre-set performance of key company performance indicators over the target 2.5/3 year plan.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of options is indicative of future trends, which may not necessarily be the actual outcome.

24. Pension commitment

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £823,000 (2018: £749,000), of which £174,000 (2018: £NIL) is included in accruals at year end.

25. Commitments under operating leases

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

	2019 £000	2018 £000
<b>Land and buildings</b>		
Within one year	592	186
Two to five years	1,572	512
Over five years	406	177
	<u>2,570</u>	<u>875</u>
	2019 £000	2018 £000
<b>Motor vehicles</b>		
Within one year	676	479
Two to five years	1,079	442
	<u>1,755</u>	<u>921</u>

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**26. Related party transactions**

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

	<b>2019</b>	2018
	<b>£000</b>	£000
Amounts owed by parent company	<b>1,031</b>	1,031
Amounts owed by subsidiary undertakings	<b>2,257</b>	2,216
Amounts owed by other group undertakings	<b>10,690</b>	17,687
Amounts owed to subsidiary undertakings	<b>(2,231)</b>	(2,162)
Amounts owed to other group undertakings	<b>(44,709)</b>	(46,865)

**27. Ultimate parent undertaking and controlling party**

The company is a wholly owned subsidiary of Niscayah Holdings Limited, a company incorporated in the United Kingdom. The ultimate parent company is Stanley Black & Decker, Inc. a company incorporated in the United States. Stanley Black & Decker, Inc.

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

---

**STANLEY SECURITY SOLUTIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**28. Post balance sheet events**

On 28 March 2020 the company acquired the trade and assets, on a going concern basis, of its subsidiary Contract Fire Systems Limited.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Stanley Security Solutions Limited is one of such businesses also impacted by COVID-19 in terms of site accessibility. Although the business had seen a few months of reduced demand, we are seeing a significant improvement in business and demand generation over the past few weeks. Measures taken to contain the spread of the virus and mitigate the financial impact include but are not limited to: travel bans, government guidance on social distancing, appropriate protective equipment supplied to all employees, reduction in any discretionary spending, utilizing government benefits and the launch of appropriate security solutions to fulfil the needs of customers during these times. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. Any subsequent developments surrounding COVID 19 represent a non-adjusting post balance sheet event and are not reflected in the carrying value of the intangible or tangible assets, investments, stock or debtors shown in the financial statements. If the pandemic continues for a long period of time, there may be changes in the carrying values. These would be reflected in the financial statements for the year ended 31 December 2020. Despite these challenging conditions the directors are satisfied that company will remain a Going Concern (See Going Concern section).