

STANLEY WORKS
Form 11-K
June 29, 2005
FORM 11-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

Annual Report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2004

or

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 1-5224

Stanley Account Value Plan

(Full title of the plan)

The Stanley Works

1000 Stanley Drive

New Britain, Connecticut 06053

(Name of issuer of the securities held pursuant to the plan
and the address of its principal executive offices)

Audited Financial Statements and Supplemental Schedules

Stanley Account Value Plan

Years ended December 31, 2004 and 2003

Stanley Account Value Plan

Audited Financial Statements
and Supplemental Schedules

Years ended December 31, 2004 and 2003

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Report of Independent Registered Public Accounting Firm

To the Finance and Pension Committee of The Board of Directors
The Stanley Works:

We have audited the accompanying statement of net assets available for benefits of the Stanley Account Value Plan as of December 31, 2004 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Plan at December 31, 2004 and the changes in net assets available for benefits for the year then ended

in conformity with accounting principles generally accepted in the United States.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2004, and reportable transactions for the year then ended, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

\s\ Fiondella Milone & LaSaracina LLP

Manchester, Connecticut
June 24, 2005

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Report of Independent Registered Public Accounting Firm

Finance and Pension Committee of The Board of Directors
The Stanley Works

We have audited the accompanying statement of net assets available for benefits of the Stanley Account Value Plan as of December 31, 2003, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003, and the changes in net assets available for benefits for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Hartford, Connecticut
June 25, 2004

Stanley Account Value Plan

Statement of Net Assets Available for Benefits

December 31, 2004

	Stanley Stock Fund	Loan Fund	Cornerstone Fund	Unallocated Stanley Stock Fund	Mutual Funds	Total
Assets						
Investments, at current market value:						
The Stanley Works Common Stock:						
36,089 shares (cost \$637,975)	\$ 1,768,000					\$ 1,768,000
4,680,377 shares (cost \$82,358,677)	229,291,669					229,291,669
6,275,897 shares (cost \$115,700,174)				\$307,455,851		307,455,851
Short-term investments and other (cost \$12,371,429)	7,358,373		\$ 4,957,538	55,518		12,371,429
Mutual Funds (cost \$109,697,474)			54,823,636		\$64,440,347	119,263,983
	238,418,042		— 59,781,174	307,511,369	64,440,347	670,150,932
Cash	117,326					117,326
Dividends and interest receivable	8,091			167		8,258
Contribution receivable from employer			3,033,076			3,033,076
Contribution receivable from participants	491,135				904,068	1,395,203
Debt issuance costs, net of accumulated amortization of \$613,465				2,217,913		2,217,913
Loans to participants		\$7,976,645				7,976,645
	239,034,594	7,976,645	62,814,250	309,729,449	65,344,415	684,899,353
Liabilities						