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Black & Decker International

Report and financial statements for the year ended
31 December 2009

Black & Decker International

Report and financial statements

for the year ended 31 December 2009

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Black & Decker International

Directors and other information

Directors

C Powell-Smith (Chairman)
G Johnston
M Allan
E Dolce (resigned 1 July 2010)
C S Ennis (appointed 1 July 2010)

Bankers

Bank of America
Bank of America NA
26 Elmfield Road
Bromley, Kent
BR1 1WA
United Kingdom

Secretary

Mitre Secretaries Ltd

Auditors

Ernst & Young
Chartered Accountants
City Quarter
Lapps Quay
Cork
Ireland

Solicitors

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London
EC1A 4DD
United Kingdom

Registered office

210 Bath Road
Slough
Berkshire
SL1 3YD
United Kingdom

Registered in England

209797

Directors' Report

The directors present herewith their report for the year ended 31 December 2009

Results and dividends
The trading results for the year are set out in the profit and loss account on page 7 The company made a profit for the financial year available to members of £55,532,000 (2008 £18,978,000) Preference dividends of £420,000 (2008 £420,000) and ordinary dividends of £30,000,000 (2008 £Nil) have been declared and paid

Principal activities and business developments
The principal activities of the company during the year have been to act as an investment holding company and to sell and service power tools through its Portuguese Branch

	2009	*2008*	%
	£m	*£m*	
Turnover	9 9	10 4	-4 8%
Operating loss	(0 5)	(1 2)	58%
Profit after tax	55 5	19 0	192%

Turnover declined by 4 8% versus 2008, as expected due to a slow down in the construction industry and tighter market conditions in Portugal

An operating loss of £0 5m in 2009 versus losses of £1 2m in 2008 resulted, primarily from the slow down in the local market and economic conditions worldwide

On the 31 December the company sold the business operated by the Portuguese branch to Black & Decker Limited Sarl in exchange for shares The sale of the Portuguese business resulted in a profit of £0 7m refer note 7 Restructuring the Portuguese business realigned the marketing company under one global Black & Decker supply chain structure This was one element of a global restructuring project in December 2009

Profit after tax increased by £36 5m to £55 5m compared to the same period in 2008 The principal reason for the increase was receipt of dividend income from Black & Decker Europe of £30 0m, which did not occur in 2008

Principal risks and uncertainties
The principal risks and uncertainties facing the company arise from competitive risks and the holding of financial instruments which can be subject to liquidity, foreign currency risk and interest rate risk These are described in further detail below under treasury policy

- *Liquidity / Financing Risks*

  The Company's operations, loans and investments are financed by short and long-term debt instruments Management regularly reviews the funding position to ensure that adequate facilities are in place

Directors
The current directors of Black & Decker International are listed on page 1

Directors' interests
The directors have no beneficial interests in the shares of the company No contract or arrangements entered into by the company in which any director is interested has subsisted during the year

Directors' 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

Directors' Report

Fixed asset investments
Fixed asset investments are dealt with in note 14 to the financial statements The directors are of the opinion that the fair market value of fixed assets investments are in excess of net book value

Treasury policy
The company holds financial instruments in order to earn interest to finance the company The company finances its operations by short-term borrowings and long-term borrowings from group undertakings The company borrows principally in GBP at floating rates but also in US$ at both floating and fixed rates of interest

The main risks arising from the company's financial instruments are liquidity, foreign currency and interest rate risk These risks, and the policies to manage them, are summarised below

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

Foreign currency risk
The company uses short-term forward foreign currency contracts to reduce the currency risk on interest receivable on non-functional currency loans The principal amount of long-term foreign currency loans receivable is not hedged at a company level Such hedging policies are determined and managed on a group-wide basis

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 for a variety of maturities from a diversity of sources

Employment of disabled persons
The group's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled

Future developments
The directors aim to maintain current management policies

Events since the balance sheet date
On 12 March 2010 The Stanley Works completed its merger with The Black & Decker Corporation, which was the company's ultimate parent company The ultimate parent company is now Stanley Black and Decker Inc

On 1 April 2011, the UK corporation tax rate will reduce from 28% to 27%, and by a further 1% a year over the following 3 years This rate change will both affect the amount of future cash tax payments to be made by the company and reduce the size of the company's deferred tax asset The effect on the company of these proposed changes to the UK tax system will be fully reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted

The Board of Directors unanimously resolved after due consideration on 5 March 2010 to pay an interim dividend to Emhart International Limited of £60,000 000 The dividend was paid in full by 10 March 2010

The directors are not aware of any other significant events since the balance sheet date which would have an effect on the financial statements or require disclosure therein

Black & Decker International

Registration No.209797

Directors' Report

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 proper 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors
The company has passed an elective resolution under section 386 of the Companies Act 1985 to dispense with the need to re-appoint auditors This continues in force under the Companies Act 2006, and therefore the appointment of Ernst & Young is treated as being continuous

On behalf of the Board

Gavin Johnston
Director

Date: 21 December 2010

ERNST & YOUNG

Independent Auditors' report to the members of Black & Decker International

We have audited the financial statements of Black & Decker International for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 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 as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibility set out on page 4, the director's are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors', and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of the profit of the company 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

ERNST & YOUNG

Independent Auditors' report to the members of Black & Decker International

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Ernst & Young

Ian Gregory (Senior Statutory Auditor)
For and on behalf of Ernst & Young, Statutory Auditor
Cork
Ireland

22 December **2010**

Profit and loss account

for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover- discontinued operations	2	9,930	10,423
Cost of sales –discontinued operations		(6,400)	(7,125)
Gross profit		3,530	3,298
Selling and distribution costs	3	(1,345)	(1,569)
Administrative expenses- normal		(2,687)	(2,686)
Administrative expenses- exceptional	6	-	(251)
Operating loss	4	(502)	(1,208)
Operating profit/(loss) on discontinued operations		240	(377)
Operating loss on continued operations		(742)	(831)
		(502)	(1,208)
Profit on disposal of discontinued operations	7	700	-
Income from investments	9	30,000	-
Interest receivable and similar income	10	34,370	38,748
Interest payable and similar charges	11	(8,913)	(18,437)
Profit on ordinary activities before taxation		55,655	19,103
Tax on profit on ordinary activities	12	(123)	(125)
Profit for the financial year		55,532	18,978

Statement of total recognised gains and losses

for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Profit for the financial year		55,532	18,978
Foreign currency translation - branch	21	906	(2,465)
Total recognised gains relating to the year		56,438	16,513

Balance sheet

at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	14	-	8
Investments	15	657,408	657,408
		657,408	657,416
Current assets			
Debtors			
Within one year		70,812	55,424
Greater than one year		443,483	421,107
	16	514,295	476,531
Cash at bank and in hand		5	955
		514,300	477,486
Creditors amounts falling due within one year	17	(343,309)	(343,256)
Net current assets		170,991	134,230
Total assets less current liabilities		828,399	791,646
Creditors: amounts falling due after more than one year	18	-	(51,114)
Provision for liabilities and charges	19	-	(251)
Total assets less liabilities		828,399	740,281
Capital and reserves			
Called up share capital	20	597,250	363,407
Share premium account	21	172,369	172,369
Loan note reserve	21	-	170,744
Option contribution reserve	21	-	22
Profit and loss	21	58,780	33,739
Total shareholders' funds		828,399	740,281

Signed on behalf of the Board on

Gavin Johnston
Director

Date 21 December 2010

Notes to the financial statements

At 31 December 2009

1. Accounting policies

1.1 Accounting convention and basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The company is exempt from the obligation to prepare and deliver group financial statements by virtue of section 401 of the Companies Act 2006 Financial information is presented about the company as an individual undertaking and not about its group Details of the ultimate parent undertaking which draws up group financial statements are disclosed in note 25

1.2 Depreciation of tangible fixed assets

Depreciation of machinery, tooling and other equipment is calculated to write off the cost evenly over the estimated economic life of the assets at the following annual rates

Plant, equipment and tooling	12 5% - 20%
Furniture and fixtures	10% - 50%

The carrying values of fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate the carrying value may not be recoverable

1 3 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.4 Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount

1.5 Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate

Notes to the financial statements

At 31 December 2009

1. Accounting policies (continued)

1.5 Foreign currencies (continued)

All differences are taken to the income statement Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions

The financial statements of overseas branches are translated at the rate of exchange ruling at the balance sheet date The exchange difference arising on the retranslation of opening net assets is taken directly to reserves All other translation differences are taken to the profit and loss account

1 6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term Amounts received in respect of capital contributions from the lessor are credited to income on a straight line basis over the term of the lease until the first break point

1.7 Cash flow statement

A cash flow statement has not been prepared as the company is exempt under Financial Reporting Standard No 1 "Cash Flow Statements" (Revised)

1.8 Investments

Investments are stated at cost less provision required for any permanent diminution in value The carrying value of investments is reviewed for impairment annually

In the opinion of the directors, the aggregate value of the company's investments is not less than the amounts at which they are stated in the balance sheet

1 9 Revenue recognition

Turnover

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Interest income

Revenue is recognised as interest accrues using the effective interest method

Investment income

Dividends from investments in group undertakings are credited to profit and loss account when declared

1.10 Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

1.11 Defined benefit pension scheme

The company operated a defined benefit pension scheme for its employees of its Portuguese branch which it disposed of during the year The assets of the scheme were held separately from those of the company FRS 17 disclosures have not been applied to the accounts due to the small number of people involved and the related value

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating profit The expected return on scheme assets less the increase in present value of scheme liabilities arising from the passage of time are included in other interest and shown adjacent to interest payable Actuarial gains and losses are recognised in the statement of total recognised gains and losses

1.12 Share-based payment

Share-based payments to employees of the Portuguese branch have been accounted for in accordance with FRS 20 "Share-based payment"

Notes to the financial statements

At 31 December 2009

2. Turnover – discontinued operations

Turnover comprises the invoice value of sales to third parties and other Black & Decker companies, exclusive of discounts and value added tax, from continuing activities

Turnover by destination is analysed as follows

	2009 £'000	2008 £'000
Geographical area		
Portugal	9,930	10,423

Black & Decker International is based within the United Kingdom and had a branch in Portugal until the 31 December 2009 Consequently all turnovers originated within Portugal On 31 December the Portuguese business was sold to Black & Decker Limited Sarl

Area of activity

The company operated in one area of activity up until the date of disposal – the sale and servicing of power tools and domestic appliances

3. Selling and distribution costs

	2009 £'000	2008 £'000
Selling costs	953	1,162
Distribution costs	392	407
	1,345	1,569

4 Operating loss

	2009 £'000	2008 £'000
Operating loss is stated after charging		
Depreciation of tangible fixed assets	4	10
Operating lease costs- motor vehicles	110	120
Directors' emoluments (Note 5)	22	22
Auditors' remuneration		
-Audit	67	125
-Non-audit fees – taxation services fees	187	221

The 'Non audit fees – taxation service fees' covers the costs of taxation services not only to the company but also to other companies in the Black & Decker UK group

5. Directors' emoluments

	2009 £'000	2008 £'000
Other emoluments (excluding pension contributions)	22	22

The emoluments of the highest paid director (excluding pension contributions and compensation for loss of office) are as follows

	2009 £'000	2008 £'000
Other emoluments	22	22

All other directors' emoluments for the company are both paid by and reported in Black & Decker Europe, another group company

Notes to the financial statements

At 31 December 2009

6. Administrative expenses-exceptional

	2009 £'000	2008 £'000
Restructuring cost	-	251

In the prior year, management undertook a review of the business due to the changing market conditions and a provision was created for £251,000, primarily relating to severance payments This provision was fully utilised in 2009

7. Profit on disposal of discontinued operations

The Company sold the branch in Portugal to Black & Decker Limited Sarl for £693,000, a profit of £700,000 arose on the disposal

8 Staff costs

Employee costs during the year amounted to

	2009 £'000	2008 £'000
Wages and salaries	463	454
Severance costs (note 5)	-	251
Social security costs	110	100
Pension cost	(11)	50
Share options	-	(15)
	562	840

The pension cost includes a reversal of the accrual as a result of the sale of the Portuguese branch

The average number of persons employed by the company during the year was 12 (2008 13) and is broken down into the following categories

	2009 Number	2008 Number
Sales & marketing	12	13

9. Income from investments

	2009 £'000	2008 £'000
Income from investments	30,000	-

	2009	2008
	No shares	No Shares
	Ord shares	Ord shares
Black & Decker Europe	234,905,680	234,905,68
	£'000	£'000
Dividend receivable	30,000	-
Paid per share	0.1277	-

10. Interest receivable and similar income

	2009 £'000	2008 £'000
Interest receivable on bank deposits	**3**	43
Interest receivable from fellow group undertakings	**32,826**	31,221
Hedge income	**1,541**	7,484
	34,370	38,748

11. Interest payable and similar charges

	2009 £'000	2008 £'000
Bank loans and overdraft	**-**	4
Hedge amortisation	**15**	14
Amount payable to fellow group undertakings	**8,785**	18,408
Foreign exchange loss	**113**	11
	8,913	18,437

12. Tax on profit on ordinary activities

	2009 £'000	2008 £'000
(a) Current tax		
Corporation tax on profits of the year		
Foreign tax	**28**	126
Total current tax	**28**	126
Deferred tax		
Origination and reversal of timing differences	**95**	(1)
Tax on profit on ordinary activities	**123**	125

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 28 5%)
The differences are explained below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	**55,655**	19,103
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	**15,583**	5,444
Effects of		
Disallowed expenses	**42**	3
Differences between capital allowances and depreciation	**(39)**	(7)
Group relief claimed for nil consideration	**(6,660)**	(3,689)
Non taxable dividend income	**(8,400)**	-
Profit from sale of Portuguese branch	**(196)**	-
Other timing differences	**(57)**	6
Loan relationship debits on instrument re-categorised under FRS 25	**(273)**	(1,757)
Higher taxes on overseas earnings	**28**	126
Total current tax charge	**28**	126

Notes to the financial statements

At 31 December 2009

12. Tax on profit on ordinary activities (continued)

(c) Deferred Tax

The deferred tax included in the balance sheet is as follows

	2009 £'000	2008 £'000
Deferred tax asset provided		
Deferred capital allowances	-	38
Other short term timing differences	-	57
Deferred tax asset	-	95
Deferred capital allowances	(38)	38
Other short term timing differences	(57)	57
At 31 December 2009	-	95

There are capital losses of £97,144 (2008 £785,144) that are available for offset against future capital gains A deferred tax asset has not been recognised in respect of these losses as their recoverability is dependant on future capital gains

(d) Factors affecting current tax charge for the period

From financial year 2011, the UK corporation tax rate will reduce from 28% to 27%

13. Dividends

	2009 £'000	2008 £'000
Dividends paid		
– ordinary shares £0 051 per share (2008 £Nil)	30,000	-
– preference shares	420	420
	30,420	420

14. Tangible fixed assets

	Plant, equipment and tooling £'000	Total £'000
Cost		
At 1 January 2009	116	116
Additions	-	-
Disposals	(107)	(107)
Exchange adjustments	(9)	(9)
At 31 December 2009	-	-
Depreciation		
At 1 January 2009	108	108
Charge for year	4	4
Disposals	(103)	(103)
Exchange adjustments	(9)	(9)
At 31 December 2009	-	-
Net book value		
At 31 December 2009	-	-
At 31 December 2008	8	8

The fixed assets were included in the disposal of the Portuguese business as per note 7

Notes to the financial statements

At 31 December 2009

15. Fixed asset investments

Subsidiary undertakings

	£'000
Cost	
At 1 January 2009	657,408
Additions	693
Disposals	(693)
at 31 December 2009	657,408
Net book value	
At 31 December 2008 and at 31 December 2009	657,408

The Company sold the branch in Portugal to Black & Decker Limited Sarl with the proceeds being received in the form of shares in Black & Decker Limited Sarl valued at £693,000 The shares were subsequently sold at face value to another group company

Company

The principal subsidiaries at 31 December 2009 were

Principal subsidiaries	Country of incorporation or registration	Principal activities	Proportion of ordinary shares held	
Black & Decker	England	Manufacture and sale of power tools and small domestic appliances	100%	(i)
Black & Decker Europe	England	Provision of group management services and sale of industrial know-how and technology rights	100%	
Dewalt Power Tools Limited	England	Intragroup finance activities	100%	(iii)
Tucker Fasteners Limited	England	Manufacture of industrial fastening systems	100%	(i)
Bandhart Overseas	England	Holding company	100%	(ii)
Aven Tools Limited	England	Maintenance and service of capital equipment	100%	(ii)

(i) Shares held indirectly through Black & Decker Europe
(ii) Shares held indirectly through Black & Decker
(iii) Shares held indirectly through Bandhart Overseas

Notes to the financial statements

At 31 December 2009

16 Debtors

	2009 £'000	2008 £'000
Trade debtors	-	4,900
Amounts owed by group undertakings	498,212	471,323
Other debtors – hedge contracts	16,083	211
Deferred tax	-	95
Prepayments and accrued income	-	2
	514,295	476,531

Amounts due after more than one year include

	2009 £'000	2008 £'000
Amounts owed by group undertakings	443,483	421,107

Amounts owed by group undertakings due after more than one year include ten convertible equity notes with an aggregate principal value of £137,117,000 (2008 £137,117,000) The notes are convertible on or before 15 December 2092 into an equivalent nominal value of ordinary £1 shares in the capital of Black & Decker at the option of Black & Decker International The notes are redeemable at par on 15 December 2092 Interest is calculated at 9 25% per annum Also included is a £2,950,000 (2008 £2,950,000) equity note with Black & Decker, with a maturity date of 2098 and an interest rate of 6 40% per annum

In 2006 a receivable US$ loan note was issued to Black & Decker Inc and is included with a value of £303,416,000 (2008 £280,168,000), a maturity date of 5 December 2016, and an interest rate of 6% per annum This loan may be repaid at any time prior to the maturity date by the other party The loan was redenominated to GBP in June 2010

17. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	74,381	13,146
Trade creditors	-	75
Amounts owed to group undertakings	268,736	327,366
Accruals	192	2,136
Other taxes	-	533
	343,309	343,256

18. Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	-	51,114

This relates to a loan payable to Bandhart with a principal amount of £51,114,000, the interest rate was 3 6% per annum The loan matured on the 27 February 2009, principal and interest due at that date was fully repaid

Notes to the financial statements

At 31 December 2009

19. Other provisions

	2009 £'000	2008 £'000
Restructuring provision		
At 1 January	**251**	555
Provided in year	**-**	251
Utilised	**(251)**	(555)
At 31 December	**-**	251

The prior year provision for restructuring costs was utilised during 2009

20. Called-up share capital

	Authorised 2009 £'000	Authorised 2008 £'000	Allotted, called up and fully paid 2009 £'000	Allotted, called up and fully paid 2008 £'000
"A" Ordinary shares of £1 each	**594,343**	360,500	**583,750**	349,907
"B" Ordinary shares of £1 each	**10,000**	10,000	**10,000**	10,000
12% cumulative preferred shares of £1 each	**3,500**	3,500	**3,500**	3,500
	607,843	374,000	**597,250**	363,407

On the 27 February Black & Decker International issued 233,842,662, "A" ordinary shares to Bandhart for cancelation of loan notes 2 & 15 totaling £233,842,662

Ordinary shares class "A" and class "B" have equal rights in all aspects except for voting rights Every holder of "A" shares has one vote on a show of hands when voting in person or by proxy while on a poll, each "A" share has one vote However, every holder of "B" shares has two votes on a show of hands when voting in person or by proxy while on poll, each "B" share also has two votes

Each holder of the Preferred Shares shall be entitled, in priority to the holders of any other class of share, to receive any of the assets of the company available for distribution amongst the members in a winding-up of the company or other return of capital by the company

The amount in respect of each Preferred Share held, equal to the amount paid up thereon, together with all arrears and accruals of the fixed dividend payable thereon (whether earned or declared or not) calculated up to and including the date of the resolution for the winding-up of the Company or (as the case may be) the date of the order of the Court for such winding-up or (in the case of any other return of capital by the Company) the date on which the distribution, transfer, or other payment in respect of such return of capital is made but with no right to participate further in the profits or assets of the Company The holders of the Preferred Shares have the right to receive notice of all General Meetings of the company and have the right to attend and vote thereat

Without prejudice to any special rights previously conferred on the holders of existing shares, any share may be issued with such preferred, or other such special rights, or restrictions whether in regard to dividend, voting, return of capital, or otherwise, as the company may from time to time by special resolution determine and if so determined any preference share may be issued on the terms that it is, or at the option of the company is liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine

Notes to the financial statements

At 31 December 2009

20. Called-up share capital (continued)

The special rights conferred upon the holders of any shares or class of shares issued with preferred or other special rights shall not, unless otherwise expressly provided by the conditions of issue of the shares of that class, be deemed to be modified by the creation or issue of further shares (including shares carrying dividend at a higher rate or entitling the holders to be paid in winding-up a premium or a larger premium on the capital paid up thereon than the shares already issued or both) ranking pari passu therewith

21. Reconciliation of movements in shareholders' funds and movements on reserves

	Share Capital	Share Premium	Option Contribution Reserve	Loan Note	Preference Shares & Note holder Reserve	Profit & loss	Total Share-holders' Funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2008	**363,407**	**172,369**	**37**	**170,744**	-	**23,810**	**730,367**
Profit attributable to members of the company	-	-	-		-	18,978	18,978
Interest on loan note	-	-	-	-	6,164	(6,164)	-
Interest on loan note paid in cash	-	-	-	-	(6,164)	-	(6,164)
Stock option reserve credit for share-based payments	-	-	(15)	-	-	-	(15)
Foreign currency translation	-	-	-		-	(2,465)	(2,465)
Preference dividend reserved	-	-	-	-	420	(420)	-
Dividends - preference shares	-	-	-	-	(420)	-	(420)
At 31 December 2008	**363,407**	**172,369**	**22**	**170,744**	-	**33,739**	**740,281**
Profit attributable to members of the company	-	-	-	-	-	55,532	55,532
Interest on loan note	-	-	-	-	977	(977)	-
Interest on loan note paid in cash	-	-	-	-	(977)	-	(977)
Redemption of loan note	-	-	-	(170,744)	-	-	(170,744)
Stock option reserve credit for share-based payments	-	-	(22)	-	-	-	(22)
Dividends - ordinary shares	-	-	-	-	-	(30,000)	(30,000)
Foreign currency translation	-	-	-	-	-	906	906
Preference dividend reserved	-	-	-	-	420	(420)	-
Dividends - preference shares	-	-	-	-	(420)	-	(420)
Issue of "A" ordinary shares	233,843	-	-	-	-	-	233,843
At 31 December 2009	**597,250**	**172,369**	**-**	**-**	**-**	**58,780**	**828,399**

During 2009 the loan note interest accrued to date of redemption was repaid in cash The note-holder reserve has been reduced accordingly

The loan to group undertakings reclassified on implementation of the presentation requirements of FRS25 has a principal value of £170,744,131, with a loan interest rate of 3 6% per annum The loan is classified as equity as the company has no contractual obligation to repay either the principal or accrued interest other than upon the liquidation of the company

Notes to the financial statements

At 31 December 2009

21 Reconciliation of movements in shareholders' funds and movements on reserves (continued)

The preference shares and note-holder reserve includes the cumulative interest that has been accrued but not paid as at each reporting period end on the reclassified loan with group undertakings of £170,744,131 and the preference dividends due but not paid A reserve had been set aside solely for the purposes of providing distributable reserves to enable payment of such interest and dividends when required During 2009 both the accrued interest and preference dividend were paid by the year end

The loan note was repaid on 27 February 2009 in exchange for ordinary shares in the Company

22 Related party transactions

The company has taken advantage of the exemptions in Financial Reporting Standard No 8 not to disclose related party transactions with wholly owned group undertakings as the ultimate holding undertaking publishes consolidated financial statements

The directors consider the ultimate controlling party to be Stanley Black & Decker Inc , refer to note 25

23 Contingent liabilities

Bank guarantees

The company, together with certain of its subsidiaries, has given unlimited cross guarantees in respect of bank borrowings of certain United Kingdom Black & Decker companies

24. Derivatives

The company purchases forward foreign currency contracts to hedge currency exposure on firm future commitments on intercompany loans and interest balances The fair values of the derivatives held at the balance sheet date, determined with reference to their market values, are as follows

	2009	2008
	£'000	£'000
Forward foreign currency contracts assets/(liabilities)	16,083	(104,915)

25. Ultimate holding company

The company is a wholly owned subsidiary of Emhart International Limited, a company incorporated in the United Kingdom On 12 March 2010 The Stanley Works completed its merger with The Black & Decker Corporation, which was the company's ultimate parent company The ultimate parent undertaking and controlling party is now Stanley Black and Decker Inc , a company incorporated in the United States

The largest and smallest group in which the results of the company are consolidated is that of The Black & Decker Corporation

Consolidated accounts are available from Stanley Black and Decker Inc at the address below

Stanley Black & Decker Inc
New Britain
Connecticut
United States of America

26. Approval of financial statements

The financial statements were approved and authorised for issue by the Board on 21 December 2010