

Registered number: 00209797

BLACK & DECKER INTERNATIONAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2 JANUARY 2016



BLACK & DECKER INTERNATIONAL

COMPANY INFORMATION

DIRECTORS
A. Sood
C. Ennis
S. Stubbs
M. Smiley (appointed 8 January 2015)
J. Cowley (resigned 8 January 2015)

SECRETARY Mitre Secretaries Limited

REGISTERED IN ENGLAND 00209797

REGISTERED OFFICE
210 Bath Road
Slough
Berkshire
SL1 3YD
United Kingdom

AUDITOR
Ernst & Young
Chartered Accountants
City Quarter
Lapps Quay
Cork
Ireland

BLACK & DECKER INTERNATIONAL

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BLACK & DECKER INTERNATIONAL

STRATEGIC REPORT FOR THE YEAR ENDED 2 JANUARY 2016

BUSINESS REVIEW

As an investment holding company, the company owns directly and indirectly a number of Stanley Black & Decker holding and trading companies in the UK. The directors' review of the investments held at year end 2015 resulted in an impairment of £3,211,000 (2014: £6,523,000) which is reflected in the loss for the year.

The company paid an ordinary dividend of £281,233,000 (2014: £Nil) and cumulative preference dividends of £1,680,000 (2014: £Nil) during the year. In order to pay these dividends, 227,631,000 Ordinary "A" shares were cancelled and the share premium of £172,369,000 was reduced to £Nil by special resolution of the Board to ensure sufficient distributable reserves.

The company made a payment of £18,355,000 to Black & Decker Finance for the use of their 2015 tax losses (2014: £25,765,000).

The company transitioned from previously extant UK GAAP to FRS 102, the effect of which is described in note 18 below.

PRINCIPAL RISKS AND UNCERTAINTIES

The changing business conditions for investments held directly and indirectly in UK companies are where the company's greatest exposure rests. The principal risks and uncertainties facing the company arise from competitive risks and the holding of financial instruments which can be subject to credit, liquidity and interest rate risk.

These are described in further detail below under treasury policy.

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 in Pound Sterling at floating rates of interest.

Credit risk

The Directors consider that the credit risk exposure is limited as the loans are with fellow group companies. All balances are included in the financial statements at the amount that best represents their maximum exposure to credit risk at the end of the reporting period.

Liquidity and refinancing risk

The company's 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. 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.

Market and interest rate risk

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

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



A. Sood

Director

Date: 17 June 2016

BLACK & DECKER INTERNATIONAL

DIRECTORS' REPORT FOR THE YEAR ENDED 2 JANUARY 2016

The Directors present their report and the financial statements for the year ended 2 January 2016.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was to act as an investment holding company. There was no change in the company's activities during the year.

RESULTS

The loss for the year, after taxation, amounted to £7,601,000 (2014: profit of £5,484,000).

DIVIDENDS

Dividends paid in the year amount to £282,913,000 (2014: £Nil).

DIRECTORS

The Directors who served during the year were:

A. Sood
C. Ennis
S. Stubbs
M. Smiley (appointed 8 January 2015)
J. Cowley (resigned 8 January 2015)

FUTURE DEVELOPMENTS

The directors aim to maintain current management policies.

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the Strategic Report.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company benefits from a global indemnity policy which protects its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

BLACK & DECKER INTERNATIONAL

DIRECTORS' REPORT FOR THE YEAR ENDED 2 JANUARY 2016

GOING CONCERN

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities, which the directors believe to be appropriate. The company is dependent on funds provided to it by Black & Decker Europe, a fellow subsidiary of the Stanley Black & Decker Group. The fellow subsidiary has provided the company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will not seek repayment of the amounts currently made available nor interest thereon. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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.

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



A. Sood
Director

Date: 17 June 2016

BLACK & DECKER INTERNATIONAL

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 2 JANUARY 2016

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 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 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; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK & DECKER INTERNATIONAL

We have audited the financial statements of Black & Decker International for the year ended 2 January 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18. 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), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4, the directors 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2 January 2016 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK & DECKER
INTERNATIONAL (Continued)**

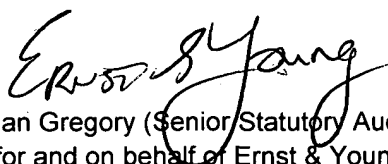
Opinion on other matter prescribed by the Companies Act 2006

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

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.



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

Date: 24 June 2016

BLACK & DECKER INTERNATIONAL

INCOME STATEMENT
FOR THE YEAR ENDED 2 JANUARY 2016

	Note	2015 £000	2014 £000
Administrative expenses		(125)	(142)
(Loss)/gain on financial assets at fair value through profit or loss		(4,390)	12,006
Amounts written off investments	10	(3,211)	(6,523)
Interest receivable and similar income	6	21,073	28,519
Interest payable and similar charges	7	(2,593)	(2,611)
Profit on ordinary activities before taxation		10,754	31,249
Taxation on profit on ordinary activities	8	(18,355)	(25,765)
(Loss)/profit for the year		(7,601)	5,484

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 2 JANUARY 2016

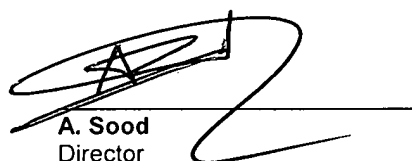
	2015 £000	2014 £000
(Loss)/profit for the year	(7,601)	5,484
Total comprehensive (expense)/income for the year	(7,601)	5,484

BLACK & DECKER INTERNATIONAL
REGISTERED NUMBER:00209797

STATEMENT OF FINANCIAL POSITION
AS AT 2 JANUARY 2016

	Note	2 January 2016 £000	3 January 2015 £000
Fixed assets			
Investments	10	<u>608,055</u>	<u>611,266</u>
		608,055	611,266
Current assets			
Debtors: amounts falling due after more than one year	11	248,101	508,726
Debtors: amounts falling due within one year	11	121,552	128,846
Cash at bank and in hand	12	5	5
		<u>369,658</u>	<u>637,577</u>
Creditors: amounts falling due within one year	13	<u>(457,842)</u>	<u>(438,458)</u>
Net current (liabilities) / assets		<u>(88,184)</u>	<u>199,119</u>
Net assets		<u>519,871</u>	<u>810,385</u>
Capital and reserves			
Called up share capital	15	369,619	597,250
Share premium account	16	-	172,369
Non distributable reserves	16	110,984	115,374
Profit and loss account	16	39,268	(74,608)
		<u>519,871</u>	<u>810,385</u>

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


A. Sood
 Director

Date: 17 June 2016

BLACK & DECKER INTERNATIONAL

STATEMENT OF CHANGES IN EQUITY
AS AT 2 JANUARY 2016

	Share capital £000	Share premium £000	Non distributable reserves £000	Retained earnings £000	Total equity £000
At 4 January 2015	597,250	172,369	115,374	(74,608)	810,385
Comprehensive expense for the year					
Loss for the year	-	-	-	(7,601)	(7,601)
Transfer to non distributable reserves	-	-	(4,390)	4,390	-
Dividends: Equity capital	-	-	-	(282,913)	(282,913)
Share premium redeemed during the year	-	(172,369)	-	172,369	-
Shares cancelled during the year	(227,631)	-	-	227,631	-
At 2 January 2016	369,619	-	110,984	39,268	519,871

STATEMENT OF CHANGES IN EQUITY
AS AT 3 JANUARY 2015

	Share capital £000	Share premium £000	Non distributable reserves £000	Retained earnings £000	Total equity £000
At 29 December 2013	597,250	172,369	103,368	(68,086)	804,901
Comprehensive income for the year					
Profit for the year	-	-	-	5,484	5,484
Transfer to non distributable reserves	-	-	12,006	(12,006)	-
At 3 January 2015	597,250	172,369	115,374	(74,608)	810,385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The company is an unlimited liability company incorporated in the United Kingdom. The registered office is 210 Bath Road, Slough, Berkshire SL1 3YD, United Kingdom. The financial statements are prepared in Pound Sterling which is the presentational currency of the company and rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 18.

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 2).

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 17.

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities, which the directors believe to be appropriate. The company is dependent on funds provided to it by Black & Decker Europe, a fellow subsidiary of the Stanley Black & Decker Group. The fellow subsidiary has provided the company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will not seek repayment of the amounts currently made available nor interest thereon. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1.2 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stanley Black & Decker Inc. as at 2 January 2016 and these financial statements may be obtained from Stanley Black & Decker Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

1.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 JANUARY 2016

1. ACCOUNTING POLICIES (continued)

1.4 Debtors

Debtors comprise of amounts owed by group companies due after more than one and convertible debt due after more than one year. The loan receivable is measured at amortised cost using the effective interest rate. The convertible debt is recorded on the balance sheet at fair value and accounted for at fair value through profit or loss.

Amounts owed by group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received.

1.5 Cash and cash equivalents

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

1.6 Creditors

Creditors comprise of amounts owed to group companies due within one year which are measured at the undiscounted amount of the cash or other consideration expected to be paid.

1.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

1.8 Investment income

Dividends from investment in group companies are credited to the Income Statement when declared.

1.9 Interest income

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

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016

1. ACCOUNTING POLICIES (continued)

1.10 Taxation

Tax is recognised in the Income Statement, except that a change 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

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 year end date.

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 JANUARY 2016

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

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.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effects of future tax planning strategies.

Convertible debt

The company is measuring its convertible debt receivable at fair value, with changes in fair value being recognised in profit or loss. As there is not an active market for this asset and recent transactions of an identical asset on their own are not a good estimate of fair value, the company estimates the fair value by using a valuation technique.

The company engaged independent valuation specialists to determine the fair value at 3 January 2015 and 2 January 2016. The valuer used a valuation technique based on 30 year UK government bonds as there is a lack of comparable market data for 100 year loans. The determined fair value of the convertible debt is most sensitive to interest rate fluctuations as well as movements in the credit spread. The key assumptions used to determine the fair value of the debt are contained in note 14.

3. AUDITOR'S REMUNERATION

	2015 £000	2014 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	28	44
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	98	83

The above fees cover the costs of audit and taxation services not only for the company but also for other companies in the Stanley Black & Decker UK group.

BLACK & DECKER INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016**

4. EMPLOYEES

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

5. DIRECTORS' REMUNERATION

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

Although they carried out qualifying services for each company, the Directors do not believe that it is practical to apportion their remuneration between companies. The aggregate Directors' emoluments in respect of qualifying services for the year were £519,000 (2014: £576,000).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	2014 £000
Interest receivable from group companies	21,073	28,519
	21,073	28,519

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
Interest payable to group companies	2,593	2,611
	2,593	2,611

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 JANUARY 2016

8. TAXATION

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	<u>18,355</u>	<u>25,765</u>
Taxation on profit on ordinary activities	<u><u>18,355</u></u>	<u><u>25,765</u></u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

On 1 April 2015, the UK corporation tax rate reduced from 21% to 20%.

The tax assessed for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before taxation	<u>10,754</u>	<u>31,249</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	2,178	6,719
Effects of:		
Non-tax deductible expenses	650	1,402
Other differences leading to an increase/(decrease) in the tax charge	889	(2,582)
Group relief paid for in excess of standard rate of tax	<u>14,638</u>	<u>20,226</u>
Total tax charge for the year	<u><u>18,355</u></u>	<u><u>25,765</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

During the year changes to corporation tax rates were enacted which will have an impact on the future tax charge of the company. The corporation tax rate was reduced from 20% to 19% effective from 1 April 2017 and from 19% to 18% effective from 1 April 2020. Furthermore, on 16 March 2016 the Chancellor of the Exchequer announced that the UK main rate of corporation tax would reduce to 17% effective from 1 April 2020, replacing the 18% currently enacted.

DEFERRED TAX

There is no provided or unprovided deferred tax.

BLACK & DECKER INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016**

9. DIVIDENDS

	2 January 2016 £000	3 January 2015 £000
"A" Ordinary dividends - £0.79 per share (2014: £Nil)	281,233	-
12% Cumulative preferred dividends	1,680	-
	<u>282,913</u>	<u>-</u>

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost	
At 4 January 2015	727,408
At 2 January 2016	<u>727,408</u>
Provision for impairment	
At 4 January 2015	116,142
Charge for the year	3,211
At 2 January 2016	<u>119,353</u>
Net book value	
At 2 January 2016	<u>608,055</u>
At 3 January 2015	<u>611,266</u>

The directors undertake a review of the investments held each year and as a result provided for an impairment charge as noted above. 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 discounted rate of 8.5% and a flat growth rate. Cashflows have been based on projections for a five year period on which a terminal growth multiple of 11.76 is applied to the cash flows at the end of that five year period.

BLACK & DECKER INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016**

10. FIXED ASSET INVESTMENTS (continued)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

* Indicates indirect holding in subsidiary.

Name	Country of incorporation	Class of shares	Holding	Principal activity
Black & Decker Europe	England	Ordinary	100 %	Provision of marketing, IT and administrative support to affiliated companies
Tucker Products Limited	England	Ordinary	100 %	Dormant company
Black & Decker Pension Trustee Limited	England	Ordinary	100 %	Dormant company
Bandhart Overseas*	England	Ordinary	100 %	Investment holding company
Tucker Fasteners Limited*	England	Ordinary	100 %	Distributor of industrial fastening systems
Aven Tools Limited*	England	Ordinary	100 %	Finance investment activities
Black & Decker*	England	Ordinary	100 %	Provision of research and development services
DeWalt Industrial Power Tool Company Limited*	Scotland	Ordinary	100 %	Finance activities

BLACK & DECKER INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016**

11. DEBTORS

	2 January 2016 £000	3 January 2015 £000
Due after more than one year		
Amounts owed by group companies	248,101	508,726
	<u>248,101</u>	<u>508,726</u>
	2 January 2016 £000	3 January 2015 £000
Due within one year		
Amounts owed by group companies	121,552	128,846
	<u>121,552</u>	<u>128,846</u>

12. CASH AND CASH EQUIVALENTS

	2 January 2016 £000	3 January 2015 £000
Cash at bank and in hand	5	5
	<u>5</u>	<u>5</u>

13. CREDITORS: Amounts falling due within one year

	2 January 2016 £000	3 January 2015 £000
Amounts owed to group companies	457,726	438,381
Accruals and deferred income	116	77
	<u>457,842</u>	<u>438,458</u>

BLACK & DECKER INTERNATIONAL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016**

14. FINANCIAL INSTRUMENTS

	2 January 2016 £000	3 January 2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	248,101	252,491
Financial assets that are debt instruments measured at amortised cost	-	256,235
Financial assets measured at undiscounted amount of cash or other consideration expected to be received	121,552	128,846
	<u>369,653</u>	<u>637,572</u>
Financial liabilities		
Financial liabilities measured at undiscounted amount of cash or other consideration expected to be paid	(457,842)	(438,458)
	<u>(457,842)</u>	<u>(438,458)</u>

Financial assets measured at fair value through profit or loss comprises of ten convertible equity notes with an aggregate principal value of £137,117,000 (2014: £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 a fellow group company at the option of Black & Decker International. The notes are redeemable at par on 15 December 2092.

The fair value of the convertible equity notes is determined by reference to 30 year UK government bonds due to the lack of an observable market for 100 year convertible equity notes. This resulted in a yield of 5.06% (2014: 4.97%).

Financial assets measured at amortised cost comprise of amounts receivable due after more than one year which are measured at amortised cost using the effective interest rate.

Financial assets and liabilities due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received / paid.

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS
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15. SHARE CAPITAL

	2 January 2016 £000	3 January 2015 £000
Allotted, called up and fully paid		
356,118,933 (2014: 583,749,933) "A" Ordinary shares of £1 each	356,119	583,750
10,000,000 "B" Ordinary shares of £1 each	10,000	10,000
3,499,853 12% Cumulative Preferred shares of £1 each	3,500	3,500
	<u>369,619</u>	<u>597,250</u>

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 a 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.

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.

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16. RESERVES

Share premium

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

Non distributable reserves

This reserve is used to record increases in the fair value of assets and decreases to the extent that such decrease relates to an increase on the same asset.

Profit & loss account

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

17. CONTROLLING PARTY

The company is a wholly owned subsidiary of Emhart International Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Stanley Black & Decker Inc., a company incorporated in the United States.

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

Consolidated accounts are available from Stanley Black & Decker Inc. at the address below:

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

18. FIRST TIME ADOPTION OF FRS 102

The company's date of transition to FRS 102 was 29 December 2013.

BLACK & DECKER INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS
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18. FIRST TIME ADOPTION OF FRS 102 (continued)

		As previously stated 29 December 2013 £000	Effect of transition 29 December 2013 £000	FRS 102 (as restated) 29 December 2013 £000	As previously stated 3 January 2015 £000	Effect of transition 3 January 2015 £000	FRS 102 (as restated) 3 January 2015 £000
Investments		547,789	-	547,789	611,266	-	611,266
Current assets	1	524,724	103,368	628,092	522,203	115,374	637,577
Creditors: amounts falling due within one year		(370,980)	-	(370,980)	(438,458)	-	(438,458)
Net current assets	1	153,744	103,368	257,112	83,745	115,374	199,119
Total assets less current liabilities		701,533	103,368	804,901	695,011	115,374	810,385
Net assets		701,533	103,368	804,901	695,011	115,374	810,385
Capital and reserves		701,533	103,368	804,901	695,011	115,374	810,385

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2 JANUARY 2016**

18. FIRST TIME ADOPTION OF FRS 102 (continued)

		As previously stated 3 January 2015 £000	Effect of transition 3 January 2015 £000	FRS 102 (as restated) 3 January 2015 £000
Administrative expenses		(142)	-	(142)
Gain on financial assets at fair value through profit or loss	1	-	12,006	12,006
Operating profit		(142)	12,006	11,864
Amounts written off investments		(6,523)	-	(6,523)
Interest receivable and similar income		28,519	-	28,519
Interest payable and similar charges		(2,611)	-	(2,611)
Taxation		(25,765)	-	(25,765)
(Loss)/profit on ordinary activities after taxation and for the financial year	1	(6,522)	12,006	5,484

Explanation of changes to previously reported profit and equity:

- 1 Convertible debt is recorded on the balance sheet at fair value and accounted for at fair value through profit or loss. Under previous UK GAAP this was accounted for as a loan receivable/financial asset and was recognised at its cost, being the amount advanced to a fellow group company.