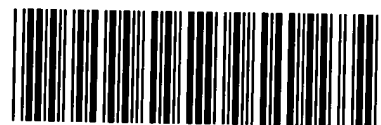


**BLACK & DECKER INTERNATIONAL**

**STRATEGIC REPORT, ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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## BLACK & DECKER INTERNATIONAL

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### COMPANY INFORMATION

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<b>Directors</b>	A. Sood C. Torello (resigned 7 October 2019) M. Smiley S. Costello
<b>Company secretary</b>	Mitre Secretaries Limited
<b>Registered number</b>	00209797
<b>Registered office</b>	3 Europa Court Sheffield Business Park Sheffield S9 1XE
<b>Auditor</b>	Ernst & Young LLP Water Lane Leeds United Kingdom LS11 5QR

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**BLACK & DECKER INTERNATIONAL**

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## BLACK & DECKER INTERNATIONAL

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

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#### 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 resulted in an impairment of £34,017,000 (2018: £479,616,000).

On 26 February 2019 the company entered into the following transactions:

- Reduced its share capital by changing the nominal value of its 687,813,038 fully paid A ordinary shares and 13,499,853 fully paid B ordinary shares from £1.00 to £0.000001 and A ordinary shares from from £0.01 to £0.000001 to achieve a reduction of £20,377,279. The amount of the reduction was treated as a distributable reserve.
- Received a dividend in specie of £24,491,000 from its subsidiary, Black & Decker Europe, which was satisfied by the transfer of a loan receivable of that amount.
- Paid a dividend in specie of £24,491,000 to its parent Stanley Black & Decker UK Group Ltd which was satisfied by the transfer of a loan receivable of that amount.

#### Principal risks and uncertainties

The company's principal financial instruments comprise intercompany loans between fellow group undertakings, the main purpose of which is to provide finance for its normal operations. The main risks arising from the company's financial instruments are detailed below:

##### *Credit risk*

The Directors consider that the credit risk exposure is limited as the loans are with fellow group companies.

##### *Liquidity and refinancing risk*

The company's objective is to produce continuity of funding at a reasonable cost. The company uses its existing finances and intra-group loans payable to support this objective.

##### *Market and interest rate risk*

The directors consider that they will be able to renegotiate the company's financial position within an acceptable timescale so as to minimise the impact of significant changes in interest rates.

##### *Brexit*

The directors have considered the impact of the proposed withdrawal of the UK from the European Union, commonly known as "Brexit" and do not expect any significant negative impact on the activities of the company or its subsidiary undertakings.

##### *Covid-19*

While the impact on this individual business from Covid-19 could be considered to be limited the directors are mindful that the company is part of a large multinational group where subsidiaries are subject to the continuing support of the ultimate holding company. With this in mind the directors have considered the ability of the ultimate parent company, and the group in its entirety, to navigate the current extremely difficult period. This consideration can be found in the Directors' Report.

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## BLACK & DECKER INTERNATIONAL

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

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#### **S172(1) statement:**

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 31st December 2019.

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

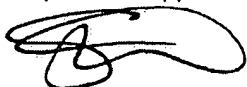
As this Company is an "investment holding and treasury" company having no employees, suppliers or customers, the Directors believe the Company's main stakeholders are its sole shareholder and its ultimate parent (Stanley Black & Decker Inc). In turn the Company has no trading operations impacting the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

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

#### **Financial key performance indicators**

The company's key performance indicator is the receipt of interest on loans due from subsidiaries in the value of £12,649,000 (2018: £12,649,000).

This report was approved by the board on 18 December 2020 and signed on its behalf.



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**S. Costello**  
Director

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## **BLACK & DECKER INTERNATIONAL**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### **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 and dividends**

The profit for the year, after taxation, amounted to £32,126,000 (2018: £8,992,000).

Dividends paid in the year amount to £24,491,000 (2018: £482,020,000 ).

#### **Directors**

The directors who served during the year were:

A. Sood  
C. Torello (resigned 7 October 2019)  
M. Smiley  
S. Costello

#### **Future developments**

The directors do not envisage any significant changes to the operation of the company.

#### **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.

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## **BLACK & DECKER INTERNATIONAL**

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

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#### **Going concern**

The company has a net current assets position and remains profitable. In addition, the ultimate parent undertaking has confirmed its intention to provide continued support for at least a year from the date of signing these financial statements. Consequently, the directors have reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future and they continue to adopt the going concern basis when preparing the 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.

#### **Disclosure of information to auditor**

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

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

#### **Post balance sheet events**

In the light of Covid-19 the directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at 31 December 2019 no global pandemic had been declared and there were only two confirmed cases of Covid-19 in the UK. There were a few hundred cases in China at that date, but few deaths. Subsequent to the balance sheet date the World Health Organisation declared a pandemic on 11 March and the UK government announced social distancing measures on 16 March and a "lockdown" on 23 March.

At the balance sheet date there was no disruption to the company and the subsequent impact of Covid-19, both in terms of the virus itself and the government actions was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting event and have concluded that no adjustments are therefore required to the financial statements. The directors recognise that the impact on the future profitability of underlying investments is difficult to estimate and have obtained a letter of support from the ultimate parent.

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**BLACK & DECKER INTERNATIONAL**

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

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This report was approved by the board on 18 December 2020 and signed on its behalf.



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S. Costello  
Director



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## **BLACK & DECKER INTERNATIONAL**

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

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

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

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

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

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

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

### **Opinion**

We have audited the financial statements of Black & Decker International for the year ended 31 December 2019 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to note 2.1 and note 18 of the financial statements, which describes the directors' considerations of the economic and social impact of COVID-19 on the company. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

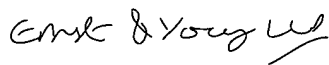
A further description of our responsibilities for the audit of the financial statements is located on the

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Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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



Eddie Diamond (Executive director)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds

18 December 2020

**BLACK & DECKER INTERNATIONAL**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Administrative expenses		(181)	(172)
(Loss)/gain on financial assets at fair value through profit or loss		32,811	(2,517)
Income from fixed assets investments		24,491	481,622
Amounts (written off) to investments		(34,017)	(479,616)
Interest receivable and similar income	8	12,649	12,649
Interest payable and similar charges	9	(3,627)	(2,974)
<b>Profit on ordinary activities before taxation</b>		<b>32,126</b>	<b>8,992</b>
Taxation on profit on ordinary activities	10	-	-
<b>Profit for the year</b>		<b>32,126</b>	<b>8,992</b>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £000	2018 £000
Profit for the year	32,126	8,992
<b>Total comprehensive income for the year</b>	<b>32,126</b>	<b>8,992</b>

The notes on pages 13 to 24 form part of these financial statements.

**BLACK & DECKER INTERNATIONAL**  
**REGISTERED NUMBER: 00209797**

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

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	12	179,032	213,049
		<u>179,032</u>	<u>213,049</u>
<b>Current assets</b>			
Debtors due after more than one year	13	309,257	273,699
Debtors: amounts falling due within one year	13	169,393	159,491
		<u>478,650</u>	<u>433,190</u>
Creditors: amounts falling due within one year	14	(471,157)	(467,349)
<b>Net current assets/(liabilities)</b>		<u>7,493</u>	<u>(34,159)</u>
<b>Total assets less current liabilities</b>		<u>186,525</u>	<u>178,890</u>
<b>Net assets</b>		<u><u>186,525</u></u>	<u><u>178,890</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	1	20,378
Non-distributable reserves	17	169,393	136,582
Profit and loss account	17	17,131	21,930
		<u>186,525</u>	<u>178,890</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2020.



**S. Costello**  
Director

**BLACK & DECKER INTERNATIONAL**

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

	Called up share capital £000	Non distributable reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	20,378	136,582	21,930	178,890
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	32,126	32,126
Transfer to non distributable reserves	-	32,811	(32,811)	-
Dividends: Equity capital	-	-	(24,491)	(24,491)
Share Capital Reduction during the year	(20,377)	-	-	(20,377)
Transfer to profit and loss account	-	-	20,377	20,377
<b>At 31 December 2019</b>	<b>1</b>	<b>169,393</b>	<b>17,131</b>	<b>186,525</b>

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

	Called up share capital £000	Non distributable reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2018	451,191	139,099	59,127	649,417
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	8,992	8,992
Transfer from non distributable reserves	-	(2,517)	2,517	-
Dividends: Equity capital	-	-	(482,020)	(482,020)
Shares issued during the year	2,501	-	-	2,501
Share Capital Reduction during the year	(433,314)	-	-	(433,314)
Transfer made in year	-	-	433,314	433,314
<b>AT 31 DECEMBER 2018</b>	<b>20,378</b>	<b>136,582</b>	<b>21,930</b>	<b>178,890</b>

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## BLACK & DECKER INTERNATIONAL

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

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#### 1. General information

The company is an unlimited liability company incorporated and domiciled in England and Wales. The registered office is 3 Europa Court, Sheffield Business Park, Sheffield, S9 1XE, United Kingdom

#### 2. Accounting policies

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

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

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.

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

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 19.

##### Going Concern

The company has a net current assets position and remains profitable. The ultimate parent undertaking has confirmed its intention to provide continued support for at least a year from the date of signing these financial statements. Consequently, the directors have reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future.

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.



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## BLACK & DECKER INTERNATIONAL

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

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#### 2. Accounting policies (continued)

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stanley Black & Decker Inc. as at 28 December 2019 and these financial statements may be obtained from Stanley Black & Decker, Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

##### 2.3 Interest income

Interest income is recognised in the Income Statement using the straight line method.

##### 2.4 Interest payable

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

##### 2.5 Investment Income

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

##### 2.6 Valuation of investments

The directors undertake a review of the investments held each year. The recoverable amount is estimated based on the fair value less the costs to sell or a value in use calculation. Value in use is based on a discounted cash flow model.

##### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.8 Creditors

Creditors comprise 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.

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## BLACK & DECKER INTERNATIONAL

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

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#### 2. Accounting policies (continued)

##### 2.9 Taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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## BLACK & DECKER INTERNATIONAL

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

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#### 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 (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 as there is a lack of comparable market data due to the nature of the investments (note 12). 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.

An impairment has been booked in the year of £34,017,000. Changes in the key assumptions used to calculate the recoverable amount would result in a change to the impairment recorded. A decrease in the discount rate of 0.1% would result in a reduction in the impairment of £364,000 whereas an increase in the discount rate of 0.1% would result in a further impairment of £355,000.

##### *Convertible debt*

The company is measuring its convertible debt receivable at fair value, with changes in fair value being recognised in the income statement. 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 the year end. The value 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 15.

#### 4. Auditor's remuneration

Fees payable to the company's auditors in respect of audit services are £46,000 (2018: £41,000) and for non-audit services are £104,000 (2018: £84,000).

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.

#### 5. Employees

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

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## BLACK & DECKER INTERNATIONAL

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

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#### 6. 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 £739,000 (2018: £620,000).

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

The highest paid Director received remuneration of £411,000 (2018: £326,000).

The value of the company's contributions paid to a defined benefit contribution pension scheme in respect of the highest paid Director amounted to £16,000 (2018: £21,000).

#### 7. Income from investments

	2019 £000	2018 £000
Dividends received from group companies	24,491	481,622
	<u>24,491</u>	<u>481,622</u>

#### 8. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from group companies	12,649	12,649
	<u>12,649</u>	<u>12,649</u>

#### 9. Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable to group companies	3,627	2,974
	<u>3,627</u>	<u>2,974</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation**

There was no tax charge for the period.

**Factors affecting tax charge for the year**

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

	<b>2019 £000</b>	<b>2018 £000</b>
Profit on ordinary activities before tax	<b>32,126</b>	<b>8,992</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	<b>6,104</b>	<b>1,708</b>
<b>Effects of:</b>		
Investment impairment	<b>6,463</b>	<b>91,128</b>
Dividends from UK companies	<b>(4,654)</b>	<b>(91,508)</b>
(Gain)/loss on financial assets	<b>(6,234)</b>	<b>478</b>
Group relief	<b>(1,679)</b>	<b>(1,806)</b>
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. Dividends**

	<b>2019 £000</b>	<b>2018 £000</b>
12% Cumulative preferred dividends	-	398
Ordinary dividend £0.0349 per share	<b>24,491</b>	<b>305,690</b>
Distribution of Investment	-	175,932
	<b>24,491</b>	<b>482,020</b>

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

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**12. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2019	<b>811,481</b>
At 31 December 2019	<b>811,481</b>
<b>Impairment</b>	
At 1 January 2019	<b>598,432</b>
Charge for the period	<b>34,017</b>
At 31 December 2019	<b>632,449</b>
<b>Net book value</b>	
At 31 December 2019	<b>179,032</b>
At 31 December 2018	<b>213,049</b>

The directors undertake a review of the investments held each year. The recoverable amount is estimated based on the fair value less the costs to sell or a value in use calculation. Value in use is based on a discounted cash flow model.

The investment carrying value has been impaired to the recoverable amount based on the assumptions applied, therefore any change in a key assumption could cause further impairment of the carrying value.

The directors' review of investments at the year end 2019 resulted in an impairment in its subsidiary, Black & Decker Europe, of £34,017,000 (2018: £479,616,000). £24,491,000 of this impairment was due to a dividend paid by Black & Decker Europe to the company of that amount, the rest was due to changes in its sub-group.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Black & Decker Europe	Ordinary	100 %	Provision of administrative and marketing support to affiliates
Black & Decker Pension Trustee Limited	Ordinary	100 %	Dormant company
Tucker Products Limited	Ordinary	100 %	Dormant company
Aven Tools Limited*	Ordinary	100 %	Finance investment activities
DeWalt Industrial Power Tool Ltd*	Ordinary	100 %	Finance activities
Bandhart Overseas*	Ordinary	100 %	Investment holding company
Black & Decker*	Ordinary	100 %	Provision of research and development services

<b>Name</b>	<b>Registered office</b>
Black & Decker Europe	270 Bath Road, Slough, Berkshire, SL1 4DX, United Kingdom
Black & Decker Pension Trustee Limited	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom
Tucker Products Limited	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom
Aven Tools Limited*	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom
DeWalt Industrial Power Tool Ltd*	c/o CMS Cameron McKenna LLP, 6 Queens Road, Aberdeen AB15 4ZT
Bandhart Overseas*	3 Europa Court, Sheffield Business Park, Sheffield, S91XE, United Kingdom
Black & Decker*	270 Bath Road, Slough, Berkshire, SL1 4DX, United Kingdom

\* Indicates indirect holdings in subsidiary.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Debtors**

	<b>2019 £000</b>	<b>2018 £000</b>
<b>Due after more than one year</b>		
Amounts owed by other group undertakings	<b>309,257</b>	273,699
	<b>309,257</b>	273,699
<b>Due within one year</b>		
Amounts owed by other group undertakings	<b>169,393</b>	159,491
	<b>478,650</b>	433,190

**14. Creditors: Amounts falling due within one year**

	<b>2019 £000</b>	<b>2018 £000</b>
Amounts owed to subsidiaries	<b>471,157</b>	467,349
	<b>471,157</b>	467,349



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

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**15. Financial instruments**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<b>309,257</b>	273,699
Financial assets measured at undiscounted amount of cash or the consideration expected to be received	<b>176,056</b>	159,491
	<u><b>485,313</b></u>	<u>433,190</u>
<b>Financial liabilities</b>		
Financial liabilities measured at an undiscounted amount of cash or the consideration expected to be paid	<u><b>(471,157)</b></u>	<u>(467,349)</u>

Financial assets measured at fair value through the income statement comprises ten convertible equity notes with an aggregate principal value of £137,117,000 (2018: £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 3.91% (2018: 4.55%).

Financial assets measured at amortised cost comprise 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.

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

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#### 16. Share capital

	2019 £000	2018 £000
<b>Allotted, called up and fully paid</b>		
687,813,038 (2018: 687,813,038,878,130,380,000) "A" Ordinary shares of £0.000001 each (2018: £0.01 each)	1	6,878
13,499,853 (2018: 13,499,853 13,499,853,000,000) "B" Ordinary shares of £0.000001 each (2018: £1.00 each)	-	13,500
	<u>1</u>	<u>20,378</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 poll, each "B" share also has two votes.

On 7th November 2018 the company made a share capital reduction of its Ordinary "A" shares from £1.00 to £0.01.

On 13th December 2018 the company converted its £1.00 preference shares to £1.00 "B" ordinary shares.

On 26th February 2019 the company made a share capital reduction of its Ordinary "A" shares from £0.01 to £0.000001 and its "B" shares from £1.00 to £0.000001.

#### 17. Reserves

##### Profit & loss account

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

##### 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.

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## BLACK & DECKER INTERNATIONAL

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

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#### 18. Post balance sheet events

In the light of Covid-19 the directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at 31 December 2019 no global pandemic had been declared and there were only two confirmed cases of Covid-19 in the UK. There were a few hundred cases in China at that date, but few deaths. Subsequent to the balance sheet date the World Health Organisation declared a pandemic on 11 March and the UK government announced social distancing measures on 16 March and a "lockdown" on 23 March.

At the balance sheet date there was no disruption to the company and the subsequent impact of Covid-19, both in terms of the virus itself and the government actions was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting event and have concluded that no adjustments are therefore required to the financial statements. The directors recognise that the impact on the future profitability of underlying investments is difficult to estimate and have obtained a letter of support from the ultimate parent.

#### 19. Controlling party

The company is a wholly owned subsidiary of Stanley Black & Decker UK Group Ltd, 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